



January 12, 2006

Director Mr. Richard Chavez
Commodity Procurement Policy & Analysis Division
United States Department of Agriculture
Farm Service Agency
Room 5755-S
1400 Independence Avenue, SW
Washington, DC 20250-0512

Fax: (202) 690-2221

Re: Procurement of Commodities for Food Aid Programs
7 CFR Part 1496, RIN 0560-AH39

Dear Mr. Chavez:

Didion Milling, Inc. is a supplier of Vegetable Oil, Corn Soy Blend, and Corn Meal to the USDA for Export Food Aid Programs. We participate extensively in supplying these commodities to the Commodity Credit Corporation ("CCC") in support of the U.S. Government's humanitarian food aid programs. On behalf of Didion Milling, Inc., I am writing to request a 45-day extension of the January 17, 2006 date established by the CCC's notice 70 *Fed. Reg.* 74717. This notice is in regard to a proposed rule to adopt new procedures to be used by the CCC in evaluation of bids in connection with the procurement of commodities for donation overseas. The notice was published in the *Federal Register* on December 16, 2005, immediately prior to the holidays.

Didion Milling, Inc. is interested in reducing the cost of inland and ocean transportation to the program so that more funds are available to purchase additional value added U.S. food products to feed needy people abroad. Didion Milling, Inc. has only recently become aware of the notice and we feel this proposed rule may have a serious effect on our business and the program as a whole. Although I am sure the timing of the publication was not intended to cut short the comment period, it appears that it will have a direct effect on our companies operations and other interested organizations in the industry which we have had communication with. We want additional time to better understand what effect it will have and therefore request the 45 day extension.

As the *Federal Register* notice identifies, the existing procurement procedures have been in effect "for many years." And while the notice states that the proposed rule has been determined to be "not significant," the background discussion identifies important potential impacts anticipated to result from the adoption of the proposed new procedures. Our concerns are the proposed changes that may effect the port allocations and selection of the carrier. Didion Milling, Inc. has concerns the procedures may permit the return of negative business practices such as "blocking rates" whereby a steamship line offers a rate for a port, inter-modal point, or coastal range where it has traditionally not provided service. Blocking rates serve no purpose and inhibit the government's objective to achieve the lowest landed cost and limit carrier participation or shippers lowest inland transportation cost. A provision should be adopted whereby only competitive rates, not cost constructed ones, are to be evaluated. Our company has experienced the net effect of blocking rates in the past at the detriment of the program and our ability to offer the lowest transportation cost to the blocked port.

Didion Milling, Inc. is also concerned that above all other considerations of this rule change, the Section 17 Great Lakes Set-aside must remain a viable program. The MSA issue will require a significant amount of input and study to assure Section 17 is unaffected and protected by this rule change. Section 17 has reduced transportation cost and has improved service levels for the export food aid program and it must remain intact. Finally, the notice also includes an unexplained reference to the "use of different types of ocean services." It is unclear as to what this refers to and what effect this language has on our company and the program as a whole.

Didion Milling, Inc. believes the revised procedures contemplated by the proposed rule have wide-ranging implications that require careful evaluation and informed comment, not hasty response. Accordingly, it is our request the date established in the *Federal Register* notice be extended an additional 45 days. Thank you very much for your careful consideration of our concerns.

Sincerely yours,



John A. Didion
CEO
Didion Milling, Inc.